Brixmor Property Group Inc.
Form 10-Q
July 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____ to_____

Commission File Number: 001-36160 (Brixmor Property Group)
Commission File Number: 333-201464-01 (Brixmor Operating Partnership LP)

Brixmor Property Group Inc.
Brixmor Operating Partnership LP
(Exact Name of Registrant as Specified in Its Charter)

Maryland (Brixmor Property Group Inc.)	45-2433192
Delaware (Brixmor Operating Partnership LP)	80-0831163
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

450 Lexington Avenue, New York, New York 10017
(Address of Principal Executive Offices) (Zip Code)
212-869-3000
(Registrant’s Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Brixmor Property Group Inc. Yes þ No ¨ Brixmor Operating Partnership LP Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Brixmor Property Group Inc. Yes þ No ¨ Brixmor Operating Partnership LP Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Brixmor Property Group Inc.				Brixmor Operating Partnership LP			
Large accelerated filer	þ	Non-accelerated filer	¨	Large accelerated filer	¨	Non-accelerated filer	þ
Smaller reporting company	¨	Accelerated filer	¨	Smaller reporting company	¨	Accelerated filer	¨

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Brixmor Property Group Inc. Yes ¨ No þ Brixmor Operating Partnership LP Yes ¨ No þ

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)
Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.
As of July 1, 2016, Brixmor Property Group Inc. had 301,098,930 shares of common stock outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended June 30, 2016 of Brixmor Property Group Inc. and Brixmor Operating Partnership LP. Unless stated otherwise or the context otherwise requires, references to the “Parent Company” or “BPG” mean Brixmor Property Group Inc. and its consolidated subsidiaries; and references to the “Operating Partnership” mean Brixmor Operating Partnership LP and its consolidated subsidiaries. The terms the “Company,” “Brixmor,” “we,” “our” and “us” mean the Parent Company and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust (“REIT”) which owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole owner of Brixmor OP GP LLC, or the General Partner, the sole general partner of the Operating Partnership. As of June 30, 2016, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, approximately 98.8% of the outstanding partnership common units of interest (the “OP Units”) in the Operating Partnership. Certain investments funds affiliated with The Blackstone Group L.P. and certain current and former members of the Company’s management collectively owned the remaining 1.2% interest in the Operating Partnership.

The Company believes combining the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report provides the following benefits:

- Enhances investors’ understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- Eliminates duplicative disclosure and provides a more streamlined and readable presentation; and
- Creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the Parent Company and the Operating Partnership as one business. The management of the Parent Company consists of the same individuals as the management of the Operating Partnership. These individuals are officers of both the Parent Company and the Operating Partnership.

We believe it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its indirect interest in the Operating Partnership. As a result, the Parent Company does not conduct business itself other than issuing public equity from time to time. The Parent Company does not incur any material indebtedness. The Operating Partnership holds substantially all of our assets. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for OP Units, the Operating Partnership generates all remaining capital required by the Company’s business. Sources of this capital include the Operating Partnership’s operations, its direct or indirect incurrence of indebtedness, and the issuance of OP Units.

Stockholders’ equity, partners’ capital, and non-controlling interests are the primary areas of difference between the unaudited condensed consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership’s capital includes OP Units owned by the Parent Company through BPG Sub and the General Partner as well as OP Units owned by certain investments funds affiliated with The Blackstone Group L.P. and certain current and former members of the our management. OP Units owned by third parties are accounted for in partners’ capital in the Operating Partnership’s financial statements and outside of stockholders’ equity in non-controlling interests in the Parent Company’s financial statements.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements (but combined footnotes), separate controls and procedures sections, separate certification of periodic report under Section 302 of the Sarbanes-Oxley Act of 2002 and separate certification pursuant to 18 U.S.C Section

1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

The Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have material assets other than its indirect investment in the Operating Partnership. Therefore, while stockholders' equity and partners' capital differ as discussed above, the assets and liabilities of the Parent Company and the Operating Partnership are materially the same on their respective financial statements.

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Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “ “intends,” “plans,” “estimates,” “anticipates,” “targets” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under the section entitled “Risk Factors” in our Form 10-K for the year ended December 31, 2015, as such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission (the “SEC”), which are accessible on the SEC’s website at www.sec.gov. These factors include (1) changes in national, regional or local economic climates; (2) local conditions, including an oversupply of space in, or a reduction in demand for, properties similar to those in our Portfolio; (3) the attractiveness of properties in our Portfolio to our tenants; (4) the financial stability of tenants, including the ability of tenants to pay rents and expense reimbursements; (5) in the case of percentage rents, our tenants’ sales volumes; (6) competition from other available properties; (7) changes in market rental rates; (8) changes in the regional demographics of our properties; and (9) litigation and governmental investigations following the completion of the recent Audit Committee review described under “Part 1. Business-Recent Developments” in our annual report on Form 10-K for the fiscal year ended December 31, 2015. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings. The forward-looking statements speak only as of the date of this report, and we expressly disclaim any obligation or undertaking to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except to the extent otherwise required by law.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements
BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except share information)

	June 30, 2016	December 31, 2015
Assets		
Real estate		
Land	$2,010,074	$2,011,947
Buildings and improvements	8,953,635	8,920,903
	10,963,709	10,932,850
Accumulated depreciation and amortization	(2,034,045)	(1,880,685)
Real estate, net	8,929,664	9,052,165
Investments in and advances to unconsolidated joint ventures	5,028	5,019
Cash and cash equivalents	114,272	69,528
Restricted cash	47,861	41,462
Marketable securities	28,752	23,001
Receivables, net of allowance for doubtful accounts of $16,166 and $16,587	169,824	180,486
Deferred charges and prepaid expenses, net	115,266	109,149
Other assets	17,122	17,197
Total assets	$9,427,789	$9,498,007
Liabilities		
Debt obligations, net	$5,966,533	$5,974,266
Accounts payable, accrued expenses and other liabilities	560,215	603,439
Total liabilities	6,526,748	6,577,705
Commitments and contingencies (Note 12)		
Equity		
Common stock, $0.01 par value; authorized 3,000,000,000 shares; 301,098,930 and 299,138,450 shares outstanding	3,011	2,991
Additional paid in capital	3,287,330	3,270,246
Accumulated other comprehensive loss	(1,281)	(2,509)
Distributions in excess of net income	(423,018)	(400,945)
Total stockholders' equity	2,866,042	2,869,783
Non-controlling interests	34,999	50,519
Total equity	2,901,041	2,920,302
Total liabilities and equity	$9,427,789	$9,498,007

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues				
Rental income	$245,575	$244,030	$496,721	$487,600
Expense reimbursements	61,763	65,512	131,475	135,266
Other revenues	2,719	2,569	4,965	4,538
Total revenues	310,057	312,111	633,161	627,404
Operating expenses				
Operating costs	31,415	30,667	66,466	65,827
Real estate taxes	38,683	43,974	83,074	88,163
Depreciation and amortization	95,818	104,441	196,297	212,985
Provision for doubtful accounts	1,621	2,525	4,361	5,020
Impairment of real estate assets	—	—	—	807
General and administrative	27,198	20,285	47,922	51,000
Total operating expenses	194,735	201,892	398,120	423,802
Other income (expense)				
Dividends and interest	319	90	392	184
Interest expense	(56,184)	(62,158)	(113,627)	(124,722)
Gain on sale of real estate assets	7,782	9,224	7,782	9,224
Gain on extinguishment of debt, net	93	493	93	785
Other	(1,981)	(2,811)	(2,888)	(2,995)
Total other expense	(49,971)	(55,162)	(108,248)	(117,524)
Income before equity in income of unconsolidated joint ventures	65,351	55,057	126,793	86,078
Equity in income of unconsolidated joint ventures	119	110	226	225
Net income	65,470	55,167	127,019	86,303
Net income attributable to non-controlling interests	(1,014)	(1,055)	(2,086)	(1,768)
Net income attributable to common stockholders	$64,456	$54,112	$124,933	$84,535
Per common share:				
Net income attributable to common stockholders:				
Basic	$0.21	$0.18	$0.42	$0.28
Diluted	$0.21	$0.18	$0.42	$0.28
Weighted average shares:				
Basic	299,872	298,464	299,526	297,332
Diluted	300,204	298,994	304,861	304,719

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	$65,470	$55,167	$127,019	$86,303
Other comprehensive income (loss)				
Unrealized gain (loss) on interest rate hedges	1,135	718	1,092	(1,719)
Unrealized gain (loss) on marketable securities	32	(16)	136	18
Total other comprehensive income (loss)	1,167	702	1,228	(1,701)
Comprehensive income	66,637	55,869	128,247	84,602
Comprehensive income attributable to non-controlling interests	(1,014)	(1,055)	(2,086)	(1,768)
Comprehensive income attributable to the Company	$65,623	$54,814	$126,161	$82,834

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited, in thousands)

	Common Stock						
	Number	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income/Loss	Non-controlling Interests	Total
Beginning balance, January 1, 2015	296,552	$2,966	$3,223,941	$ (4,435)	$(318,762)	$ 76,593	$2,980,303
Common stock dividends ($0.45 per common share)	—	—	—	—	(134,967)	—	(134,967)
Distributions to non-controlling interests	—	—	—	—	—	(2,835)	(2,835)
Equity based compensation expense	—	—	15,201	—	—	347	15,548
Issuance of common stock and OP Units	33	—	(743)	—	—	765	22
Other comprehensive loss	—	—	—	(1,701)	—	—	(1,701)
Conversion of Operating Partnership units into common stock	1,903	19	19,470	—	—	(19,489)	—
Shared-based awards retained for taxes	—	—	(430)	—	—	—	(430)
Net income	—	—	—	—	84,535	1,768	86,303
Ending balance, June 30, 2015	298,488	$2,985	$3,257,439	$ (6,136)	$(369,194)	$ 57,149	$2,942,243
Beginning balance, January 1, 2016	299,138	$2,991	$3,270,246	$ (2,509)	$(400,945)	$ 50,519	$2,920,302
Common stock dividends ($0.49 per common share)	—	—	—	—	(147,006)	—	(147,006)
Distributions to non-controlling interests	—	—	—	—	—	(2,207)	(2,207)
Equity based compensation expense	—	—	4,510	—	—	68	4,578
Issuance of common stock and OP Units	199	2	(1,396)	—	—	1,604	210
Other comprehensive income	—	—	—	1,228	—	—	1,228
Conversion of Operating Partnership units into common stock	1,761	18	17,053	—	—	(17,071)	—
Shared-based awards retained for taxes	—	—	(3,083)	—	—	—	(3,083)
Net income	—	—	—	—	124,933	2,086	127,019
Ending balance, June 30, 2016	301,098	$3,011	$3,287,330	$ (1,281)	$(423,018)	$ 34,999	$2,901,041

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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BRIXMOR PROPERTY GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Six Months Ended June 30, 2016	2015
Operating activities:		
Net income	$127,019	$86,303
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	196,297	212,985
Debt premium and discount amortization	(7,772)	(9,859)
Deferred financing cost amortization	3,888	4,090
Above- and below-market lease intangible amortization	(20,116)	(24,437)
Provisions for impairment	—	807
Gain on disposition of operating properties	(7,782)	(9,224)
Equity based compensation	4,578	15,548
Other	498	90
Gain on extinguishment of debt, net	(97)	(795)
Changes in operating assets and liabilities:		
Restricted cash	(5,727)	(8,863)
Receivables	10,551	13,057
Deferred charges and prepaid expenses	(15,614)	(11,545)
Other assets	281	(253)
Accounts payable, accrued expenses and other liabilities	(15,545)	3,489
Net cash provided by operating activities	270,459	271,393
Investing activities:		
Improvements to and investments in real estate assets	(83,639)	(97,875)
Acquisitions of real estate assets	—	(52,278)
Proceeds from sales of real estate assets	20,534	41,795
Change in restricted cash attributable to investing activities	(672)	864
Purchase of marketable securities	(17,361)	(9,651)
Proceeds from sale of marketable securities	11,709	9,905
Net cash used in investing activities	(69,429)	(107,240)
Financing activities:		
Repayment of debt obligations and financing liabilities	(178,547)	(495,437)
Repayment of borrowings under unsecured revolving credit facility	(597,000)	(682,475)
Proceeds from borrowings under unsecured revolving credit facility	181,000	460,000
Proceeds from unsecured term loan and notes	592,068	695,156
Deferred financing costs	(1,273)	(1,899)
Distributions to common stockholders	(146,841)	(133,909)
Distributions to non-controlling interests	(2,610)	(23,120)
Repurchase of common shares in conjunction with equity award plans	(3,083)	(329)
Net cash used in financing activities	(156,286)	(182,013)
Change in cash and cash equivalents	44,744	(17,860)
Cash and cash equivalents at beginning of period	69,528	60,595
Cash and cash equivalents at end of period	$114,272	$42,735

Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized of $1,169 and $1,475	$114,951	$117,687

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except unit information)

	June 30, 2016	December 31, 2015
Assets		
Real estate		
Land	$2,010,074	$2,011,947
Buildings and improvements	8,953,635	8,920,903
	10,963,709	10,932,850
Accumulated depreciation and amortization	(2,034,045)	(1,880,685)
Real estate, net	8,929,664	9,052,165
Investments in and advances to unconsolidated joint ventures	5,028	5,019
Cash and cash equivalents	114,236	69,506
Restricted cash	47,861	41,462
Marketable securities	28,534	22,791
Receivables, net of allowance for doubtful accounts of $16,166 and $16,587	169,824	180,486
Deferred charges and prepaid expenses, net	115,266	109,149
Other assets	17,122	17,197
Total assets	$9,427,535	$9,497,775
Liabilities		
Debt obligations, net	$5,966,533	$5,974,266
Accounts payable, accrued expenses and other liabilities	560,215	603,439
Total liabilities	6,526,748	6,577,705
Commitments and contingencies (Note 12)		
Capital		
Partnership common units: 304,691,465 and 304,366,215 units outstanding	2,902,060	2,922,565
Accumulated other comprehensive loss	(1,273)	(2,495)
Total capital	2,900,787	2,920,070
Total liabilities and capital	$9,427,535	$9,497,775

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues				
Rental income	$245,575	$244,030	$496,721	$487,600
Expense reimbursements	61,763	65,512	131,475	135,266
Other revenues	2,719	2,569	4,965	4,538
Total revenues	310,057	312,111	633,161	627,404
Operating expenses				
Operating costs	31,415	30,667	66,466	65,827
Real estate taxes	38,683	43,974	83,074	88,163
Depreciation and amortization	95,818	104,441	196,297	212,985
Provision for doubtful accounts	1,621	2,525	4,361	5,020
Impairment of real estate assets	—	—	—	807
General and administrative	27,198	20,285	47,922	51,000
Total operating expenses	194,735	201,892	398,120	423,802
Other income (expense)				
Dividends and interest	319	90	392	184
Interest expense	(56,184)	(62,158)	(113,627)	(124,722)
Gain on sale of real estate assets	7,782	9,224	7,782	9,224
Gain on extinguishment of debt, net	93	493	93	785
Other	(1,981)	(2,811)	(2,888)	(2,995)
Total other expense	(49,971)	(55,162)	(108,248)	(117,524)
Income before equity in income of unconsolidated joint ventures	65,351	55,057	126,793	86,078
Equity in income of unconsolidated joint ventures	119	110	226	225
Net income attributable to Brixmor Operating Partnership LP	$65,470	$55,167	$127,019	$86,303
Per common unit:				
Net income attributable to partnership common units:				
Basic	$0.21	$0.18	$0.42	$0.28
Diluted	$0.21	$0.18	$0.42	$0.28
Weighted average number of partnership common units:				
Basic	304,588	304,283	304,535	303,710
Diluted	304,920	304,813	304,861	304,719

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income attributable to Brixmor Operating Partnership LP	$65,470	$55,167	$127,019	$86,303
Other comprehensive income (loss)				
Unrealized gain (loss) on interest rate hedges	1,135	718	1,092	(1,719)
Unrealized gain (loss) on marketable securities	31	(12)	130	19
Total other comprehensive income (loss)	1,166	706	1,222	(1,700)
Comprehensive income attributable to Brixmor Operating Partnership LP	$66,636	$55,873	$128,241	$84,603

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL
(Unaudited, in thousands)

	Partnership Common Units	Accumulated Other Comprehensive Loss	Total
Beginning balance, January 1, 2015	$2,984,381	$ (4,425)	$2,979,956
Distributions to partners	(137,704)	—	(137,704)
Equity based compensation expense	15,548	—	15,548
Other comprehensive loss	—	(1,700)	(1,700)
Issuance of OP Units	22	—	22
Share-based awards retained for taxes	(430)	—	(430)
Net income attributable to Brixmor Operating Partnership LP	86,303	—	86,303
Ending balance, June 30, 2015	$2,948,120	$ (6,125)	$2,941,995
Beginning balance, January 1, 2016	$2,922,565	$ (2,495)	$2,920,070
Distributions to partners	(149,230)	—	(149,230)
Equity based compensation expense	4,578	—	4,578
Other comprehensive income	—	1,222	1,222
Issuance of OP Units	211	—	211
Share-based awards retained for taxes	(3,083)	—	(3,083)
Net income attributable to Brixmor Operating Partnership LP	127,019	—	127,019
Ending balance, June 30, 2016	$2,902,060	$ (1,273)	$2,900,787

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR OPERATING PARTNERSHIP LP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Six Months Ended June 30,	
	2016	2015
Operating activities:		
Net income attributable to Brixmor Operating Partnership LP	$127,019	$86,303
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	196,297	212,985
Debt premium and discount amortization	(7,772)	(9,859)
Deferred financing cost amortization	3,888	4,090
Above- and below-market lease intangible amortization	(20,116)	(24,437)
Provisions for impairment	—	807
Gain on disposition of operating properties	(7,782)	(9,224)
Equity based compensation	4,578	15,548
Other	498	90
Gain on extinguishment of debt, net	(97)	(795)
Changes in operating assets and liabilities:		
Restricted cash	(5,727)	(8,863)
Receivables	10,551	13,057
Deferred charges and prepaid expenses	(15,614)	(11,545)
Other assets	281	(253)
Accounts payable, accrued expenses and other liabilities	(15,545)	3,491
Net cash provided by operating activities	270,459	271,395
Investing activities:		
Improvements to and investments in real estate assets	(83,639)	(97,875)
Acquisitions of real estate assets	—	(52,278)
Proceeds from sales of real estate assets	20,534	41,795
Change in restricted cash attributable to investing activities	(672)	864
Purchase of marketable securities	(17,350)	(9,649)
Proceeds from sale of marketable securities	11,709	9,905
Net cash used in investing activities	(69,418)	(107,238)
Financing activities:		
Repayment of debt obligations and financing liabilities	(178,547)	(495,437)
Repayment of borrowings under unsecured revolving credit facility	(597,000)	(682,475)
Proceeds from borrowings under unsecured revolving credit facility	181,000	460,000
Proceeds from unsecured term loan and notes	592,068	695,156
Deferred financing costs	(1,273)	(1,899)
Partner distributions	(152,559)	(137,384)
Distributions to non-controlling interests	—	(19,871)
Net cash used in financing activities	(156,311)	(181,910)
Change in cash and cash equivalents	44,730	(17,753)
Cash and cash equivalents at beginning of period	69,506	60,450
Cash and cash equivalents at end of period	$114,236	$42,697

Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amount capitalized of $1,169 and $1,475	$114,951	$117,687

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

BRIXMOR PROPERTY GROUP INC. AND BRIXMOR OPERATING PARTNERSHIP LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, in thousands, unless otherwise stated)

1. Nature of Business and Financial Statement Presentation

Description of Business

Brixmor Property Group Inc. and subsidiaries (collectively, the “Parent Company”) is an internally-managed REIT. Brixmor Operating Partnership LP and subsidiaries (collectively, the “Operating Partnership”) is the entity through which the Parent Company conducts substantially all of its operations and owns substantially all of its assets. The Parent Company owns 100% of the common stock of BPG Subsidiary Inc. (“BPG Sub”), which, in turn, is the sole member of Brixmor OP GP LLC (the “General Partner”), the sole general partner of the Operating Partnership. The Parent Company engages in the ownership, management, leasing, acquisition and development of retail shopping centers through the Operating Partnership, and has no other substantial assets or liabilities other than through its investment in the Operating Partnership. The Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis (collectively the “Company” or “Brixmor”) believes it owns and operates the second largest open air retail portfolio in the United States, comprised primarily of community and neighborhood shopping centers.

The Company does not distinguish its principal business or group its operations on a geographical basis for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes in accordance with U.S. generally accepted accounting principles (“GAAP”).

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for the fair presentation of the unaudited Condensed Consolidated Financial Statements for the periods presented have been included. The operating results for the periods presented are not necessarily indicative of the results that may be expected for a full fiscal year. These financial statements should be read in conjunction with the financial statements for the year ended December 31, 2015 and accompanying notes included in the Company's annual report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 29, 2016.

Principles of Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Parent Company, the Operating Partnership, each of their wholly owned subsidiaries and all other entities in which they have a controlling financial interest. The portions of consolidated entities not owned by the Company are presented as non-controlling interests as of and during the periods presented. All intercompany transactions have been eliminated.

Subsequent Events

In preparing the unaudited Condensed Consolidated Financial Statements, the Company has evaluated events and transactions occurring after June 30, 2016 for recognition or disclosure purposes. Based on this evaluation, there were no subsequent events from June 30, 2016 through the date the financial statements were issued, except as follows.

On July 25, 2016, the Operating Partnership entered into an Amended and Restated Revolving Credit and Term Loan Agreement (the “Amended Credit Facility”) with JPMorgan Chase Bank, N.A., as administrative agent (the “Agent”), and the lenders party thereto as set forth in the Amended Credit Facility. The Amended Credit Facility amends and restates the Company's $2.75 billion Revolving Credit and Term Loan Agreement, dated as of July 16, 2013, as amended (the “Unsecured Credit Facility”).

The Amended Credit Facility provides for (1) revolving loan commitments of $1.25 billion (the “Revolving Facility”) maturing July 31, 2020 (representing a three-year extension from the applicable maturity date under the Unsecured Credit Facility) and (2) a reallocation of the term loan under the Unsecured Credit Facility that was to mature on July 31, 2018 into two non-amortizing term loan tranches comprised of a $1.0 billion tranche A term loan maturing July 31, 2018 (the “Tranche A Term Loan”), and a $500.0 million tranche B term loan maturing July 31, 2021 (the “Tranche B Term Loan”). The Revolving Facility includes two six-month maturity extension options, the exercise of which is subject to customary conditions and the payment of a fee on the extended commitments of 0.075%. The Amended Credit Facility includes the option to increase the revolving loan commitments by, or add term loans in an amount, up to $1.0 billion in the aggregate to the extent that any one or more lenders (from the syndicate or otherwise) agree to provide such additional credit extensions. As of July 25, 2016, there were no amounts drawn under the Revolving Facility.

Borrowings under the Amended Credit Facility will bear interest, at the Operating Partnership’s option, (1) with respect to the Revolving Facility, at a rate of either LIBOR plus a margin ranging from 0.875% to 1.55% or a base rate plus a margin ranging from 0.00% to 0.55% , in each case, with the actual margin determined according to the Operating Partnership’s credit rating and (2) with respect to each of the Tranche A Term Loan and Tranche B Term Loan, at a rate of either LIBOR plus a margin ranging from 0.90% to 1.75% or the base rate plus a margin ranging from 0.00% to 0.75%, in each case, with the actual margin determined according to the Operating Partnership’s credit rating. The base rate is the highest of the Agent’s prime rate, the federal funds rate plus 0.50% and the daily one-month LIBOR plus 1.00%. In addition, the Amended Credit Facility requires the payment of a facility fee ranging from 0.125% to 0.30% (depending on the Operating Partnership’s credit rating) on the total commitments under the Revolving Facility. For more information, see Item 5 of Part II of this Form 10-Q for the quarter ended June 30, 2016.

Additionally, on July 25, 2016, the Operating Partnership entered into Amendment No. 2 to Term Loan Agreement (“Term Loan Second Amendment”) with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto. The Term Loan Second Amendment amends the Company's $600.0 million Term Loan Agreement, dated as of March 18, 2014, as amended (the “Existing Term Loan Agreement”). The Term Loan Second Amendment does not change any of the maturity or pricing terms of the Existing Term Loan Agreement, but otherwise implements various covenant and technical amendments to make the Existing Term Loan Agreement consistent with amendments made to corresponding provisions of the Unsecured Credit Facility pursuant to the Amended Credit Facility. For more information, see Item 5 of Part II of this Form 10-Q for the quarter ended June 30, 2016.

Income Taxes

The Parent Company has elected to qualify as a REIT in accordance with the Internal Revenue Code of 1986, as amended (the “Code”). To qualify as a REIT, the Parent Company must meet a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its adjusted REIT taxable income to its stockholders. It is management’s intention to adhere to these requirements and maintain the Parent Company’s REIT status.

As a REIT, the Parent Company generally will not be subject to federal income tax, provided that distributions to its stockholders equal at least the amount of its REIT taxable income as defined under the Code. If the Parent Company fails to qualify as a REIT in any taxable year, it will be subject to federal taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. The Operating Partnership is organized as a limited partnership and is generally not subject to federal or state income taxes.

BPG Sub also has elected to qualify as a REIT under the Code and is subject to the same tax requirements and tax treatment as the Parent Company. BPG Sub has a taxable REIT subsidiary, and the Parent Company and BPG Sub may in the future elect to treat newly formed subsidiaries as taxable REIT subsidiaries which would be subject to income tax. Taxable REIT subsidiaries may participate in non-real estate-related activities and/or perform non-customary services for tenants and are subject to United States federal and state income tax at regular corporate tax rates.

The Company has analyzed the tax position taken on income tax returns for the open 2013 through 2015 tax years and has concluded that no provision for income taxes related to uncertain tax positions is required in the Company’s unaudited Condensed Consolidated Financial Statements as of June 30, 2016 and December 31, 2015.

New Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718)." ASU 2016-09 sets out improvements to Employee Share-Based Payment Accounting. The new standard impacts certain aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statements of cash flows. The standard is effective on January 1, 2017, with early adoption permitted. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-09 will have on the unaudited Condensed Consolidated Financial Statements of the Company.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2019, with early adoption permitted. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-02 will have on the unaudited Condensed Consolidated Financial Statements of the Company.

In February 2015, the FASB issued ASU 2015-02 “Amendments to the Consolidation Analysis to ASC Topic 810 Consolidation.” ASU 2015-02 updates to include all reporting entities within the scope of Subtopic 810-10 Consolidation - Overall, including limited partnerships and similar legal entities, unless a scope exception applies. Overall the amendments in this update are to simplify the codification and reduce the number of consolidation models and place more emphasis on risk of loss when determining controlling financial interests. ASU 2015-02 was effective for public businesses for interim and annual periods beginning after December 15, 2015. This ASU was effective for the Company beginning in the first quarter of the year ended December 31, 2016. The Company has evaluated the impact of the adoption of ASU 2015-02 on its unaudited Condensed Consolidated Financial Statements and have determined under ASU 2015-02 the Operating Partnership is considered a variable interest entity (“VIE”). The Parent Company is the primary beneficiary of the VIE and the Parent Company’s partnership interest is considered a majority voting interest. As such, this standard did not have a material impact on the unaudited Condensed Consolidated Financial Statements of the Company.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers.” ASU No. 2014-09 contains a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance in ASU No. 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For public entities, ASU No. 2014-09, as amended by ASU No. 2015-14, is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is permitted for reporting periods beginning after December 15, 2016. The Company is currently in the process of evaluating the impact the adoption of ASU No. 2014-09 will have on the unaudited Condensed Consolidated Financial Statements of the Company.

Any other recently issued accounting standards or pronouncements not disclosed above have been excluded as they either are not relevant to the Company, or they are not expected to have a material effect on the unaudited Condensed Consolidated Financial Statements of the Company.

2. Acquisition of Real Estate

During the three and six months ended June 30, 2016, the Company did not acquire any properties.

During the three and six months ended June 30, 2015, the Company acquired the following properties, in separate transactions (dollars in thousands):

Property Name	Location	Month Acquired	Purchase Price Cash	Debt Assumed	Total	GLA
Retail Building at Bardin Place Center	Arlington, TX	Jun-15	$ 9,258	$ —	$ 9,258	96,127
Larchmont Centre	Mt. Laurel, NJ	Jun-15	11,000	7,000	18,000	103,787
Webster Square Shopping Center	Marshfield, MA	Jun-15	31,950	—	31,950	182,756
			$ 52,208	$ 7,000	$ 59,208	382,670

The aggregate purchase price of the properties acquired during the six months ended June 30, 2015, has been allocated as follows:

Assets	
Land	$ 12,924
Buildings	35,640
Building improvements	4,634
Tenant improvements	2,273
Above market rents	120
In-Place leases	4,010
Real estate, net	59,601
Deferred charges and prepaid expenses, net	1,787
Total assets	61,388
Liabilities	
Secured loan payable	$ 7,000
Secured loan fair value adjustment	440
Debt obligations, net	7,440
Accounts payable, accrued expenses and other liabilities (Below Market Leases)	1,740
Total liabilities	9,180
Net Assets Acquired	$ 52,208

In addition the Company acquired the following outparcel buildings and land parcels adjacent to existing Company owned shopping centers in connection with its repositioning activities at those centers: (i) during the three and six months ended June 30, 2016, two land parcels and one outparcel building for an aggregate purchase price of $1.2 million; (ii) during the three and six months ended June 30, 2015, two outparcel buildings for an aggregate purchase price of $2.1 million. These amounts are included in Improvements to and investments in real estate assets on the unaudited Condensed Company's Consolidated Statement of Cash Flows.

The real estate operations acquired were not considered material to the Company, individually or in the aggregate, and therefore pro forma financial information is not necessary.

During the three and six months ended June 30, 2016 and 2015, the Company incurred $0.2 million and $1.5 million of acquisition related expenses, respectively. These amounts are included in Other in the unaudited Condensed Consolidated Statements of Operations.

3. Disposals, Discontinued Operations and Assets Held for Sale

During the three and six months ended June 30, 2016, the Company disposed of two shopping centers and one outparcel building for net proceeds of $20.5 million resulting in a gain of $7.8 million. The Company had no properties held for sale as of June 30, 2016 or December 31, 2015.

During the three months ended June 30, 2015, the Company disposed of three shopping centers and two outparcel buildings for net proceeds of $31.9 million resulting in a gain of $9.2 million. During the six months ended June 30, 2015, the Company disposed of four shopping centers and two outparcel buildings for net proceeds of $41.8 million resulting in a gain of $9.2 million and an impairment of $0.8 million. The impairment charge was based upon the sales price in the signed contract with the third party buyer, adjusted to reflect associated disposition costs. These inputs are classified as Level 3 of the fair value hierarchy. The results of operations from the disposed shopping centers are included in income from continuing operations.

There were no discontinued operations for the three and six months ended June 30, 2016 and 2015 as none of the disposals represented a strategic shift in the Company's business that would qualify as discontinued operations.

4. Real Estate

The Company's components of Real estate, net consisted of the following:

	June 30, 2016	December 31, 2015
Land	$2,010,074	$2,011,947
Buildings and improvements:		
Buildings and tenant improvements	8,095,182	8,043,325
Lease intangibles [(1)]	858,453	877,578
	10,963,709	10,932,850
Accumulated depreciation and amortization [(1)]	(2,034,045)	(1,880,685)
Total	$8,929,664	$9,052,165

(1) At June 30, 2016 and December 31, 2015, Lease intangibles consisted of the following: (i) $779.5 million and $796.8 million, respectively, of in-place lease value, (ii) $79.0 million and $80.8 million, respectively, of above-market leases, and (iii) $625.2 million and $606.5 million, respectively, of accumulated amortization. These intangible assets are amortized over the term of each related lease.

In addition, at June 30, 2016 and December 31, 2015, the Company had intangible liabilities relating to below-market leases of $496.6 million and $505.8 million, respectively, and accumulated amortization of $252.8 million and $237.2 million, respectively. These intangible liabilities, which are included in Accounts payable, accrued expenses and other liabilities in the Company's unaudited Condensed Consolidated Balance Sheets, are accreted over the term of each related lease, including any renewal periods that are considered to be below market.

Net above and below market lease intangible accretion income for the three months ended June 30, 2016 and 2015 was $9.1 million and $10.9 million, respectively. Net above and below market lease intangible accretion income for the six months ended June 30, 2016 and 2015 was $20.1 million and $24.4 million, respectively. These amounts are included in Rental income in the Company's unaudited Condensed Consolidated Statements of Operations. Amortization expense associated with in-place lease value for the three months ended June 30, 2016 and 2015 was $15.1 million and $22.1 million, respectively. Amortization expense associated with in-place lease value for the six months ended June 30, 2016 and 2015 was $33.2 million and $47.2 million, respectively. These amounts are included in Depreciation and amortization in the Company's unaudited Condensed Consolidated Statements of Operations. The estimated net accretion (income) and amortization expense associated with the Company's above and below market leases, tenant relationships and leases in place for the next five years are as follows:

Year ending December 31,	Above- and below-market lease accretion (income), net	In-place lease value amortization expense
2016 (remaining six months)	$ (16,392)	$ 26,208
2017	(29,404)	41,384

2018	(26,491)	32,130
2019	(22,189)	25,316
2020	(17,674)	19,060

On a continuous basis, management assesses whether there are any indicators, including property operating performance and general market conditions, that the value of the Company's assets (including any related amortizable intangible assets or liabilities) may be impaired. To the extent impairment has occurred, the carrying value of the asset would be adjusted to an amount to reflect the estimated fair value of the asset. See Note 3 for information regarding impairment charges taken in connection with the disposal of certain properties.

5. Financial Instruments - Derivatives and Hedging

The Company’s use of derivative instruments is limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. In certain situations, the Company may enter into derivative financial instruments such as interest rate swap and interest rate cap agreements to manage interest rate risk exposure arising from variable rate debt transactions that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company’s objective in using interest rate derivatives is to add stability to interest expense and to manage its exposure to interest rate movements.

Cash Flow Hedges of Interest Rate Risk

The Company uses interest rate swaps to manage its exposure to changes in benchmark interest rates. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without changing the underlying notional amount. During the three and six months ended June 30, 2016 and 2015, the Company did not enter into any new interest rate swap agreements.

A detail of the Company’s interest rate derivatives designated as cash flow hedges outstanding as of June 30, 2016 is as follows:

	Number of Instruments	Notional Amount
Interest Rate Swaps	5	$ 1,500,000

The Company has elected to present its interest rate derivatives on its unaudited Condensed Consolidated Balance Sheets on a gross basis as interest rate swap assets and interest rate swap liabilities. A detail of the Company’s fair value of interest rate derivatives on a gross and net basis as of June 30, 2016 and December 31, 2015, respectively, is as follows:

	Fair Value of Derivative Instruments	
Interest rate swaps classified as:	June 30, 2016	December 31, 2015
Gross derivative assets	$—	$—
Gross derivative liabilities	(1,345)	(2,437)
Net derivative liability	$(1,345)	$(2,437)

The gross derivative liabilities are included in accounts payable, accrued expenses and other liabilities on the unaudited Condensed Consolidated Balance Sheets. All of the Company’s outstanding interest rate swap agreements for the periods presented were designated as cash flow hedges of interest rate risk. The fair value of the Company's interest rate derivatives is determined using market standard valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. These inputs are classified as Level 2 of the fair value hierarchy. The effective portion of changes in the fair value of derivatives designated as, and that qualify as, cash flow hedges is recorded in other comprehensive income (“OCI”) and is reclassified into earnings as interest expense in the period that the hedged forecasted transaction affects earnings.

The effective portion of the Company's interest rate swaps that was recorded in the accompanying unaudited Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2016 and 2015 is as follows:

Derivatives in Cash Flow Hedging Relationships (Interest Rate Swaps and Caps)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Unrealized loss on interest rate hedges	$(254)	$(1,772)	$(1,783)	$(6,673)
Amortization of interest rate swaps to interest expense	$1,389	$2,490	$2,875	$4,954

The Company estimates that approximately $1.3 million will be reclassified from accumulated other comprehensive loss as an increase to interest expense through the expiration of the Company's interest rate swaps on October 1, 2016.

No gain or loss was recognized related to hedge ineffectiveness or to amounts excluded from effectiveness testing on the Company's cash flow hedges during the three and six months ended June 30, 2016 and 2015.

Non-Designated (Mark-to Market) Hedges of Interest Rate Risk

The Company does not use derivatives for trading or speculative purposes. As of June 30, 2016 and December 31, 2015, the Company did not have any material non-designated hedges.

Credit-risk-related Contingent Features

The Company has agreements with its derivative counterparties that contain a provision whereby if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. If the Company were to breach any of the contractual provisions of the derivative contracts, it would be required to settle its obligations under the agreements at their termination value including accrued interest, or approximately $1.8 million.

6. Debt Obligations

As of June 30, 2016 and December 31, 2015, the Company had the following indebtedness outstanding:

	Carrying Value as of			
	June 30, 2016	December 31, 2015	Stated Interest Rates	Scheduled Maturity Date
Secured loans[1]				
Fixed rate secured loans[2]	$2,048,216	$2,226,763	4.40% - 8.00%	2016 – 2024
Net unamortized premium	32,249	40,508		
Net unamortized debt issuance cost	(990)	(1,752)		
Total secured loans, net	$2,079,475	$2,265,519		
Notes payables				
Unsecured notes[3]	$1,818,453	$1,218,453	3.85% - 7.97%	2022 - 2029
Net unamortized discount	(8,358)	(4,676)		
Net unamortized debt issuance cost	(14,430)	(9,923)		
Total notes payable, net	$1,795,665	$1,203,854		
Unsecured Credit Facility and Term Loan				
Unsecured Credit Facility[4]	$1,500,000	$1,916,000	1.90%	2017 – 2018
Unsecured Term Loan	600,000	600,000	1.90%	2019
Net unamortized debt issuance cost	(8,607)	(11,107)		
Total Unsecured Credit Facility and Term Loan	$2,091,393	$2,504,893		
Total debt obligations, net	$5,966,533	$5,974,266		

(1) The Company's secured loans are collateralized by certain properties and the equity interests of certain subsidiaries. These properties had a carrying value as of June 30, 2016 of approximately $3.2 billion.

(2) The weighted average interest rate on the Company's fixed rate secured loans was 5.84% as of June 30, 2016.

(3) The weighted average interest rate on the Company's unsecured notes was 3.98% as of June 30, 2016.

(4) The Unsecured Credit Facility (as defined below) consists of a $1.25 billion revolving credit facility and a $1.5 billion term loan facility. The Company has interest rate swap agreements that convert the floating interest rate on the $1.5 billion term loan facility to a fixed, combined interest rate of 0.844% plus an interest spread of 140 basis points.

2016 Debt Transactions

In June 2016, the Operating Partnership issued $600.0 million aggregate principal amount of 4.125% Senior Notes due 2026 (the “2026 Notes”), the proceeds of which were utilized to repay outstanding indebtedness, including borrowings under the Company's $1.25 billion unsecured revolving credit facility, and for general corporate purposes. The 2026 Notes bear interest at a rate of 4.125% per annum, payable semi-annually on June 15 and December 15 of each year, commencing December 15, 2016. The 2026 Notes will mature on June 15, 2026. The 2026 Notes are the Operating Partnership’s unsecured and unsubordinated obligations and rank equally in right of payment with all of the Operating Partnership’s existing and future senior unsecured and unsubordinated indebtedness. The Operating Partnership may redeem the 2026 Notes at any time in whole or from time to time in part at the applicable make-whole redemption price specified in the Indenture with respect to the 2026 Notes. If the 2026 Notes are redeemed on or after March 15, 2026 (three months prior to the maturity date), the redemption price will be equal to 100% of the principal amount of the 2026 Notes being redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date.

During the six months ended June 30, 2016, the Company repaid $168.4 million of secured loans, resulting in a $0.1 million net gain on extinguishment of debt. These repayments were funded primarily from borrowings under the Company's $1.25 billion unsecured revolving credit facility.

See Note 1 for information about the July 2016 amendment to the Unsecured Credit Facility and the Existing Term Loan Agreement.

Pursuant to the terms of the Existing Term Loan Agreement, the Unsecured Credit Facility, the 2022 Notes, the 2025 Notes and the 2026 Notes, the Company among other things is subject to maintenance of various financial covenants. The Company was in compliance with these covenants as of June 30, 2016.

Debt Maturities

As of June 30, 2016 and December 31, 2015, the Company had accrued interest of $33.6 million and $31.1 million outstanding, respectively. As of June 30, 2016, scheduled maturities of the Company's outstanding debt obligations were as follows:

Year ending December 31,	
2016 (remaining six months)	$699,150
2017	349,659
2018	1,519,476
2019	620,126
2020	766,577
Thereafter	2,011,681
Total debt maturities	5,966,669
Net unamortized premiums on secured loans	32,249
Net unamortized discount on notes	(8,358)
Net unamortized debt issuance costs	(24,027)
Total debt obligations	$5,966,533

7. Fair Value Disclosures

All financial instruments of the Company are reflected in the accompanying unaudited Condensed Consolidated Balance Sheets at amounts which, in management's judgment, reasonably approximate their fair values, except those instruments listed below:

	June 30, 2016		December 31, 2015	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Secured loans payable	$2,079,475	$2,195,790	$2,265,519	$2,367,070
Notes payable	1,795,665	1,844,983	1,203,854	1,198,504
Unsecured credit facility and term loan	2,091,393	2,100,000	2,504,893	2,516,000
Total debt obligations	$5,966,533	$6,140,773	$5,974,266	$6,081,574

As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy is included in GAAP that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs that are classified within Level 3 of the hierarchy).

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The valuation methodology used to estimate the fair value of the Company's debt obligations is based on discounted cash flows, with assumptions that include credit spreads, loan amounts and debt maturities. The Company determined that the valuations of its debt obligations are classified within Level 3 of the fair value hierarchy. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition.

The Company's marketable securities and interest rate derivatives are measured at fair value on a recurring basis. The fair value of marketable securities are based primarily on publicly traded market values in active markets and are classified accordingly on the fair value hierarchy. See Note 5 for fair value information regarding the Company's interest rate derivatives.

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis:

	Fair Value Measurements as of June 30, 2016			
	Balance	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Marketable securities[1]	$28,752	$ 6,806	$ 21,946	$ —
Liabilities:				
Interest rate derivatives	$(1,345)	$ —	$ (1,345)	$ —

	Fair Value Measurements as of December 31, 2015			
	Balance	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Marketable securities[1]	$23,001	$ 1,167	$ 21,834	$ —
Liabilities:				
Interest rate derivatives	$(2,437)	$ —	$ (2,437)	$ —

(1) As of June 30, 2016 and December 31, 2015 marketable securities included less than $0.1 million of net unrealized gain and $0.1 million of net unrealized losses, respectively.

The Company's impairment charges are measured at fair value on a non-recurring basis. See Note 3 for fair value information on the impairment charges.

8. Equity and Capital

ATM

In 2015, the Parent Company entered into an at-the-market equity offering program ("ATM") through which the Parent Company may sell from time to time up to an aggregate of $400.0 million of its common stock through sales agents over a three-year period. There were no shares issued under the ATM for the six months ended June 30, 2016 and the year ended December 31, 2015. As of June 30, 2016 $400.0 million of common stock remained available for issuance under the ATM.

Common Stock

During the six months ended June 30, 2016 and 2015, the Company withheld 122,768 shares and 12,754 shares respectively, in connection with common shares surrendered to the Company to satisfy statutory minimum tax withholding obligations on the vesting of restricted stock units ("RSUs") under the Company's equity-based compensation plans.

Dividends and Distributions
During the three months ended June 30, 2016 and 2015, the Company declared common stock dividends and OP unit distributions of $0.245 per share/unit and $0.225 per share/unit, respectively. During the six months ended June 30, 2016 and 2015, the Company declared common stock dividends and OP unit distributions of $0.49 per share/unit and $0.45 per share/unit, respectively. As of June 30, 2016 and December 31, 2015, the Company had declared but unpaid common stock dividends and OP unit distributions of $75.5 million and $76.0 million, respectively. These amounts are included in accounts payable, accrued expenses and other liabilities on the Company's unaudited Condensed Consolidated Balance Sheets.

Non-controlling interests
The non-controlling interests presented in these unaudited Condensed Consolidated Financial Statements relate to portions of consolidated subsidiaries held by the non-controlling interest holders.

As of June 30, 2016, the Parent Company beneficially owned, through its direct and indirect interest in BPG Sub and the General Partner, 98.8% of the outstanding OP Units. Certain investment funds affiliated with The Blackstone Group L.P. (together with such affiliated funds, "Blackstone") and certain members of the Parent Company's current and former management collectively owned the remaining 1.2% of the outstanding OP Units. Holders of OP Units (other than the Parent Company, BPG Sub and the General Partner) may redeem their OP Units for cash based upon the market value of an equivalent number of shares of the Parent Company's common stock or, at the Parent Company's election, exchange their OP Units for shares of the Parent Company's common stock on a one-for-one basis subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. The number of OP Units in the Operating Partnership beneficially owned by the Parent Company is equivalent to the number of outstanding shares of the Parent Company's common stock, and the entitlement of all OP Units to quarterly distributions and payments in liquidation is substantially the same as those of the Parent Company's common stockholders.

9. Stock Based Compensation
In 2011 and 2013 prior to the Company's Initial Public Offering (the "IPO"), certain employees of the Company were granted long-term incentive awards which provided them with equity interests as an incentive to remain in the Company's service and align executives' interests with those of the Company's equity holders. The awards were granted to such employees by the certain partnerships affiliated with Blackstone (the "Partnerships"), in the form of Class B Units in each of the Partnerships. The awards were granted with service and performance conditions. A portion of the Class B Units were subject to performance conditions which vested on the date that certain funds affiliated with certain of the Company's pre-IPO owners received cash proceeds resulting in a 15% internal rate of return on their investment in the Company. In connection with the IPO, certain of these awards vested and the vested awards were exchanged for a combination of vested common shares of the Company and vested shares of BPG Sub which were subsequently converted to vested common shares of the Company. The remaining unvested Class B Units as of the IPO effective date were exchanged for a combination of unvested restricted common shares of the Company and unvested restricted common shares of BPG Sub, (collectively, the "RSAs") which were subsequently converted to unvested restricted common shares of the Company. The RSAs were subject to the same vesting terms as those applicable to the exchanged Class B Units.

During the year ended December 31, 2013, the Board of Directors approved the 2013 Omnibus Incentive Plan (the "Plan"). The Plan provides for a maximum of 15.0 million shares of the Company's common stock to be issued for qualified and non-qualified options, stock appreciation rights, restricted stock and restricted stock units, OP Units, performance awards and other stock-based awards.

During the six months ended June 30, 2016, the Company granted RSUs in the Company to certain employees. During the year ended December 31, 2015, the Company granted RSUs in the Company to certain employees, or at the election of certain employees, long-term incentive plan units ("LTIP Units") in the Operating Partnership. The RSUs and LTIP Units are divided into multiple tranches, with each tranche subject to separate performance-based vesting conditions, market-based vesting conditions and service-based vesting conditions. Each award contains a threshold, target, and maximum number of units in respect to each tranche. The number of units actually earned for each tranche is determined based on performance during a specified performance period, and the earned units are then further subject to time-based vesting conditions. The aggregate number of RSUs and LTIP Units granted, assuming that the target level of performance is achieved, was 0.8 million and 0.7 million for the six months ended June 30, 2016 and year ended December 31, 2015, respectively, with service periods ranging from one to five years.

During the six months ended June 30, 2016, the Company reversed $2.6 million of previously recognized equity compensation expense as a result of forfeitures and recognized $2.7 million of expense associated with the accelerated issuance of shares, both in connection with the separation of several Company executives. During the six months ended June 30, 2015, as a result of it becoming probable that the Company’s pre-IPO owners would receive a 15% internal rate of return on their investment, the Company recognized $9.9 million of equity based compensation expense as a component of General and administrative expense in the Company's unaudited Condensed Consolidated Statements of Operations. The Company recognized $6.2 million and $2.6 million of equity based compensation expense for the three months ended June 30, 2016 and 2015, respectively. The Company recognized $4.6 million and $15.5 million of equity based compensation expense for the six months ended June 30, 2016 and 2015, respectively. As of June 30, 2016, the Company had $17.9 million of total unrecognized compensation cost related to unvested stock compensation expected to be recognized over a weighted average period of approximately 2.2 years.

10. Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing net income attributable to the Company's common stockholders, including participating securities, by the weighted average number of shares outstanding for the period. Certain restricted shares issued pursuant to the Company's share-based compensation program are considered participating securities, as such shares have rights to receive non-forfeitable dividends. Unvested restricted shares are not allocated net losses and/or any excess of dividends declared over net income, as such amounts are allocated entirely to the common stockholders. Fully-diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock.

The following table provides a reconciliation of the numerator and denominator of the EPS calculations for the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Computation of Basic Earnings Per Share:				
Net income	$65,470	$55,167	$127,019	$86,303
Income attributable to non-controlling interests	(1,014)	(1,055)	(2,086)	(1,768)
Non-forfeitable dividends on unvested restricted shares	(9)	(6)	(17)	(11)
Net income attributable to the Company's common stockholders for basic earnings per share	$64,447	$54,106	$124,916	$84,524
Weighted average number shares outstanding - basic	299,872	298,464	299,526	297,332
Basic Earnings Per Share Attributable to the Company's Common Stockholders:				
Net income (1)	$0.21	$0.18	$0.42	$0.28
Computation of Diluted Earnings Per Share:				
Net income attributable to the Company's common stockholders for basic earnings per share	$64,447	$54,106	$124,916	$84,524
Allocation of net income to dilutive convertible non-controlling interests	—	—	2,086	1,768
Net income attributable to the Company's common stockholders for diluted earnings per share	$64,447	$54,106	$127,002	$86,292
Weighted average shares outstanding - basic	299,872	298,464	299,526	297,332
Effect of dilutive securities:				
Conversion of OP Units	—	—	5,009	6,378
Equity awards	332	530	326	1,009
Weighted average shares outstanding - diluted (2)	300,204	298,994	304,861	304,719
Diluted Earnings Per Share Attributable to the Company's Common Stockholders:				
Net income (1)	$0.21	$0.18	$0.42	$0.28

(1) The sum of the quarterly Basic and Diluted earnings per share may not equal the Basic and Diluted earnings per share for the six months ended June 30, 2016 and 2015 due to rounding.

(2) For the three months ended June 30, 2016 and 2015, the weighted average number of vested OP Units outstanding was 4.7 million and 5.8 million, respectively and was not dilutive.

11. Earnings per Unit

Basic earnings per unit is calculated by dividing net income attributable to the Operating Partnership's common units, including participating securities, by the weighted average number of partnership common units outstanding for the period. Certain restricted units issued pursuant to the Company's share-based compensation program are considered participating securities, as such shares have rights to receive non-forfeitable dividends. Unvested restricted units are not allocated net losses and/or any excess of dividends declared over net income, as such amounts are allocated entirely to the Operating Partnership's common units. Fully-diluted earnings per unit reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into shares of common units.

The following table provides a reconciliation of the numerator and denominator of the earnings per unit calculations for the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Computation of Basic Earnings Per Unit:				
Net income attributable to Brixmor Operating Partnership LP	$65,470	$55,167	$127,020	$86,303
Non-forfeitable dividends on unvested restricted shares	(9)	(6)	(17)	(11)
Net income attributable to the Operating Partnership's common units for basic earnings per unit	$65,461	$55,161	$127,003	$86,292
Weighted average number of common units outstanding - basic	304,588	304,283	304,535	303,710
Basic Earnings Per Unit Attributable to the Operating Partnership's Common Units:				
Net Income [(1)]	$0.21	$0.18	$0.42	$0.28
Computation of Diluted Earnings Per Unit:				
Net income attributable to the Operating Partnership's common units for diluted earnings per unit	$65,461	$55,161	$127,003	$86,292
Weighted average common units outstanding - basic	304,588	304,283	304,535	303,710